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Contribution of UNCTAD to the implementation of the Programme of Action for the Least Developed Countries for the Decade 2011–2020

Activities carried out in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2011–2020

Note by the UNCTAD secretariat

Executive summary

This report is prepared pursuant to paragraphs 153 and 156 of the Programmed of Action for the Least Developed Countries for the Decade 2011–2020 (Istanbul Programme of Action; A/CONF.219/7). The report provides a description of activities carried out by UNCTAD, by pillar of work, between the second quarter of 2017 and the first quarter of 2018, as well as lessons learned and policy recommendations for the way forward.

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Introduction

1. The Istanbul Programme of Action was adopted by the Fourth United Nations Conference on the Least Developed Countries in May 2011. The Programme aims to address the multiple socioeconomic development challenges facing the poorest and weakest segment of the international community by identifying specific goals and targets to be achieved by 2020, as well as a number of priority areas for action by the least developed countries and their development partners. In 2016, the international community took stock of progress towards achieving the goals and targets at the midterm review of the Programme in Antalya, Turkey, and adopted a political declaration recommitting itself to the goals of the Programme and calling for its accelerated implementation.

2. Since the adoption of the Programme, many least developed countries have made significant progress towards several of its goals and targets. However, their overall performance as a group suggests that most of the targets of the Programme are not likely to be met, unless there is a step change in efforts to support implementation.

3. In 2016, the least developed countries as a group experienced its lowest growth in real gross domestic product (GDP) since 2000 – 3.8 per cent. While growth is projected to improve in the coming years, it will likely continue to fall short of the Programme target of 7 per cent per annum. The slowdown is due to the anaemic recovery of developed countries, the slowdown in other developing countries, as well as the strategic reorientation towards domestic demand in the Chinese economy, which has implications for the demand for commodities. Political strife and conflict in a number of least developed countries further undermine prospects for growth.

4. Similarly, despite the Programme goal of doubling the share of least developed countries in global exports of goods and services, the group saw a decline in its share from 1.09 per cent in 2013 to 0.92 per cent in 2016. At the same time, efforts to achieve diversification and structural transformation are proceeding at a sluggish pace: While the average share of commodities in least developed countries' exports decreased slightly, from 65.5 per cent in 2015 to 63 per cent in 2016, the number of commodity-dependent[1] least developed countries increased from 38 to 39. Further, the decline in the commodities share in least developed country exports is largely a reflection of the decrease in commodities exports, rather than a sign of sustainable structural transformation.

5. Despite the slowdown in growth, several least developed countries continued to make progress towards graduation. In 2017, Equatorial Guinea graduated from the group, bringing the number of graduated countries to five. Two more countries (Vanuatu in 2020 and Angola in 2021) are expected to graduate if they maintain their current level of socioeconomic performance. During the 2018 triennial review of the least developed country category, the Committee for Development Policy decided to recommend Bhutan, Kiribati, Sao Tome and Principe, and Solomon Islands for graduation. Bangladesh, the Lao People's Democratic Republic and Myanmar also met the graduation criteria for the first time. However, they would need to meet the criteria a second time at the next triennial review in 2021 to be considered for graduation.

6. UNCTAD has provided targeted support to the least developed countries since the creation of the category by the United Nations General Assembly in 1971 and continues to assist these countries in their efforts to achieve the goals and targets of the Programme. This report provides an overview of the activities of UNCTAD, by pillar of work, in support of the Programme between April 2017 and March 2018.

[1] A country is defined as commodity dependent if commodities account for more than 60 per cent of its merchandise exports. If the threshold for commodity dependence is measured at 50 per cent of merchandise exports, the number of commodity-dependent least developed countries rises to 41.

I. Research and analysis

7. To assist the least developed countries in tackling their unique development challenges, UNCTAD has continued its work in research and analysis. *The Least Developed Countries Report 2017: Transformational Energy Access*, highlights the role of access to energy in the process of structural transformation in the least developed countries and stresses the importance of ensuring access to energy not only for domestic consumption needs, but also for productive processes. Further, the report provides a series of recommendations for countries to consider when formulating their national energy policies.

8. UNCTAD closely monitors least developed countries' progress on key development indicators and on their achievement of the Sustainable Development Goals. In February 2018, UNCTAD published its latest update, entitled *"Selected Sustainable Development Trends in the Least Developed Countries 2018"*. The publication shows that economic development in these countries is stalling against a background of weak global recovery, risking a widening inequality compared with other developing countries, as well as failure to achieve the Goals.

9. The *Economic Development in Africa Report 2017: Tourism for Transformative and Inclusive Growth* highlights the potential role that the tourism sector can play in supporting Africa's development, including that of the 32 African least developed countries. The report notes that the number of tourist arrivals in Africa has more than doubled in the past 20 years. It states that tourism accounts for a significant share of GDP in many African countries, with the sector contributing to 1 out of 14 jobs in Africa. The report outlines measures that can be taken by African countries to harness the dynamism of the sector for structural transformation and inclusive growth.

10. As in previous years, the *World Investment Report 2017: Investment and the Digital Economy* provides a comprehensive analysis of foreign direct investment (FDI) trends in the least developed countries. The report shows that flows to these countries fell in 2016 by 12 per cent compared with the previous year, reaching $37.9 billion. However, the overall decline hides a wide disparity between countries. In Africa, for example, flows to Zambia fell by 70 per cent, while flows to Ethiopia increased by 46 per cent. In Asia, flows to Myanmar and the Lao People's Democratic Republic declined by 22 per cent and 20 per cent, respectively, while flows to Cambodia increased by 13 per cent. The largest source of foreign investment destined for the least developed countries is China, whose multinational enterprises have been actively expanding into these countries. At the end of 2015, Chinese FDI stock in these countries was almost three times more than the next-largest investor (France). The declining trend in FDI will have significant implications for the ability of the least developed countries to meet the investment ratio of 25 per cent of GDP originally agreed in the Brussels Programme of Action.

II. Consensus-building

11. During the high-level segment of the sixty-fourth session of the Trade and Development Board, held in Geneva from 11 to 13 September 2017, UNCTAD organized a special panel discussion on lessons learned from building productive capacities in the least developed countries and other vulnerable economies. The panel included the Vice-President of Ghana, the Deputy Chair of the African Union Commission; the United Nations High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States; the Chair of the Export–Import Bank of China and the Vice-President and Chief Economist of the African Development Bank. The panellists highlighted different but mutually supportive policies and measures to accelerate progress in building productive capacity.

12. Beyond the regular and executive sessions of the Trade and Development Board devoted to the least developed countries, UNCTAD – at the request of member States – organized the Expert Meeting on the Ways and Means of Improving the Implementation of Priority Areas Agreed in the Istanbul Programme of Action on 6 and 7 November 2017. The meeting reviewed the progress achieved in the implementation of the Programme's priority goals, with a particular focus on building productive capacities and doubling the

share of least developed countries in global exports. It also discussed measures to strengthen productive capacities in these countries and mobilize the necessary financial resources, and explored ways and means to double the share of least developed countries in global exports, while enhancing their benefits from global trade.

13. Further, a session of the Multi-year Expert Meeting on Enhancing the Enabling Economic Environment at All Levels in Support of Inclusive and Sustainable Development, and the Promotion of Economic Integration and Cooperation, held by UNCTAD in October 2017, was devoted to development challenges and opportunities faced by Southern African economies.

14. As every year, UNCTAD also provided a substantive contribution to the report of the United Nations Secretary-General to the General Assembly on the implementation of the Programme. UNCTAD input provides an analysis of the latest available data on progress achieved by the least developed countries on key indicators and goals of the Programme within its mandate.

15. In addition, UNCTAD is the custodian of the indicator of Sustainable Development Goal 17.11 that calls for doubling the least developed countries' share of global exports by 2020.[3] In this function, UNCTAD regularly compiles statistics on the share of their exports in global exports and delivers the related data and a related narrative as inputs for the *Sustainable Development Goals Report*.

16. UNCTAD continues to support the deliberations of the Committee for Development Policy. During the reporting period, UNCTAD prepared vulnerability profiles for six least developed countries: Bhutan, Kiribati, Nepal, Sao Tome and Principe, Solomon Islands and Timor-Leste.

III. Technical cooperation

A. Productive capacities

17. In its listing of priority areas for action, the Istanbul Programme of Action gives primacy of place to the building of productive capacities, which is a crucial condition for economic diversification and sustainable economic growth. Since UNCTAD played a key role in developing the concept of productive capacities in 2006, UNCTAD has continued work to fine-tune the concept, with the goal of operationalizing it for the least developed countries and other developing countries. In this context, UNCTAD continued its work to develop measurable indices of productive capacities. To complement the analytical work on the productive capacities index, UNCTAD launched two country case studies on productive capacities in the Lao People's Democratic Republic and Rwanda, which will be used to test the indicators in national workshops.

18. Further, UNCTAD convened a one-day brainstorming meeting in Geneva, Switzerland, with representatives of other United Nations system entities or relevant bodies (Department of Economic and Social Affairs, International Air Transport Association, International Trade Centre, United Nations Development Programme and United Nations Industrial Development Organization (UNIDO)), regional organizations (Commonwealth Secretariat) and academic institutions (Botswana Institute for Development Policy Analysis; Institute for Development Studies, University of Nairobi; and University of Canberra) working on productive capacities. The meeting served to sharpen the understanding of the concept and provided an impetus for further collaborative work to develop measurable indicators.

[3] The same target is specified in the Istanbul Programme of Action, para. 65 (a).

19. Effectively using measurable indices requires statistical capacities. UNCTAD supports individual least developed countries in strengthening their national statistical capacity to design programmes and policies for sustainable development. In the Istanbul Programme of Action, Member States also saw building statistical capacities as a key contribution to good governance at all levels.

20. Since 2013, UNCTAD has been collaborating with the statistics department of the West African Economic and Monetary Union to set up statistical tools for measurement and analysis of trade in services. The targets of the project are to develop harmonized methods for data collection, data processing and dissemination; provide support in the application of those methods; and build a joint statistical database.

21. UNCTAD, the United Nations Statistics Division and the World Trade Organization (WTO) have developed an online training course to assist compilers of statistics on international trade in services in ensuring they adhere to the new international standards laid down in the 2010 Manual on Statistics of International Trade in Services. Between September and October 2017, more than 80 participants from 40 countries began taking the online course.

22. Between 26 June and 6 July 2017, UNCTAD held seminars and workshops in the United Republic of Tanzania aimed at providing support to government bodies in monitoring and evaluating progress on the Sustainable Development Goals. The National Bureau of Statistics, the Ministry of Finance and Planning, the Office of the Chief Government Statistician and the Zanzibar [United Republic of Tanzania] Planning Commission benefited from these events. In technical workshops, participants received dedicated training on constructing indicators on the Goals and national trade, techniques for ex ante impact assessment and visualization of statistical findings.

23. In 2017, UNCTAD also continued its operational work to build the capacities of selected least developed countries to upgrade and diversify their fisheries exports, a project designed to provide significant opportunities for them to generate growth and employment, and reduce poverty and inequality. While many of these countries are among the largest producers of fishery products in the world, their share of global exports remains paltry.

24. As part of the project, UNCTAD organized two regional workshops for policymakers and fisheries practitioners in Mozambique and Myanmar, and one interregional workshop in Mauritius. As a result, 136 fisheries experts, including 68 women (half of the experts) from 8 countries[1] gained skills and training in upgrading the fisheries sector, and exchanged experiences and lessons learned. The interregional workshop also allowed participants from these countries to gain insights from the successful experience of Mauritius in expanding its fisheries sector. A particular focus of the training was placed on building the capacities to meet safety and sustainability standards imposed on fisheries imports in major import markets.

25. UNCTAD also organized a side event with more than 50 people at the United Nations Conference to Support the Implementation of Sustainable Development Goal 14: Conserve and Sustainably Use the Oceans, Seas and Marine Resources for Sustainable Development, held in New York, United States of America, on the importance of enhancing export opportunities for the least developed countries and small island developing States by tapping the potential of their fisheries resources. At the event, UNCTAD showcased the challenges facing Cambodia and the successful experiences of Mauritius. The outcome of the workshop was reflected in the final conference declaration.

26. A training manual on building the capacities of the least developed countries to upgrade and diversify their fish exports was finalized and validated by policymakers and practitioners in a series of national and regional workshops. The project also led to the publication of a policy-oriented research publication entitled "*Fishery Exports and the Economic Development of Least Developed Countries: Bangladesh, Cambodia, the Comoros, Myanmar and Uganda*", which identifies the binding constraints on the

[1] Cambodia, Comoros, Djibouti, Mauritius, Mozambique, Myanmar, Uganda and Viet Nam.

development of the fisheries sector in the beneficiary countries and provides policy recommendations on how best to overcome them.

27. As a result of the project, several beneficiary countries are considering revising their domestic legislation and policies so as to better support the fisheries sector. For example, Uganda has expressed an interest in adjusting its domestic food safety standards, and Mozambique intends to develop a domestic aquaculture policy.

28. The project also led to the identification of needs for the establishment of two regional centres of excellence for fisheries sector development, one in Africa and one in Asia, which could offer regular training courses for fisheries policymakers and practitioners from regional least developed countries. In March 2018, UNCTAD signed a memorandum of understanding with Nha Trang University in Viet Nam, establishing the first regional centre of excellence.

29. One of the components of building productive capacities is transport and information and communications technology (ICT) infrastructure. While UNCTAD is not involved in the construction of physical infrastructure, it has a programme to help developing countries, including the least developed countries, design, develop and implement sustainable freight transport systems.

30. UNCTAD is currently working with the authorities of the Northern and Central Transit and Transport Corridors in East Africa to assist them in developing and implementing a sustainable freight transport strategy. A training and capacity-building workshop, held in Nairobi from 14 to 18 March 2016, benefited over 80 participants from countries of the northern and central transit and transport corridors, namely, Burundi, the Democratic Republic of the Congo, Kenya, Rwanda, South Sudan, Uganda and the United Republic of Tanzania. The aim of the workshop was to strengthen the capacity of policymakers, transport operators and key financial institutions, in sub-Saharan Africa to promote and finance sustainable freight transport systems through sound transport policy measures and adequate financing actions and mechanisms.

31. As a follow-up to the training workshop, the Northern Corridor Transit and Transport Coordination Authority developed a green freight programme – the first in Africa – in collaboration with UNCTAD, the United Nations Environment Programme and the Climate and Clean Air Coalition to Reduce Short-lived Climate Pollutants. The initiative was officially launched at the forty-second meeting of the Executive Committee of the Northern Corridor on 16 January 2017.

32. UNCTAD also continues to support the least developed countries in building their capacities in science, technology and innovation, and bridging the digital divide. In October 2017, UNCTAD completed the Science, Technology and Innovation Policy Review of Rwanda, which identified several challenges for science, technology and innovation policy in Rwanda, including using technology to improve the competitiveness of firms and industries, generating demand for technology in industry and strengthening linkages among key stakeholders in science, technology and innovation. UNCTAD also conducted a training session on innovation for such policymakers and stakeholders during the National Science, Technology and Innovation Workshop, which engaged the participation of about 60 Rwandan policy experts, including 10 women, and provided comments on the draft national science, technology and innovation and research strategy of Rwanda.

33. UNCTAD has also begun work on science, technology and innovation policy reviews for Ethiopia and Uganda, which are expected to be completed in 2018 and 2019.

34. During the UNCTAD E-commerce Week 2017, UNCTAD and the Enhanced Integrated Framework organized a special session for the least developed countries. The session discussed how to mainstream ICT and e-commerce in national development plans and how to balance the trade-offs between strict regulation and innovation in these countries.

35. Tools such as the UNCTAD eTrade readiness assessments help countries take stock of e-commerce development along seven key policy areas: e-commerce strategy, ICT infrastructure and services, payments, trade logistics, legal and regulatory frameworks,

skills development and financing for e-commerce. They provide recommendations on how to move this agenda forward. In 2017, UNCTAD released such assessments for Bhutan, Cambodia, Nepal and Samoa. The assessments to be released in 2018 include those for Bangladesh, the Lao People's Democratic Republic, Liberia, Myanmar, Senegal, Solomon Islands, Togo, Uganda, Vanuatu and Zambia.

36. Further, UNCTAD started to develop a national e-commerce strategy for Rwanda. The strategy will identify the areas that have a high potential for economic impact and outline interventions aimed at easing constraints on private sector growth. The strategy is expected to be finalized in 2018.

37. In cooperation with WTO, UNCTAD delivered a workshop on e-commerce organized by the Ministry of Commerce and the Foreign Trade Institute in Bangladesh, in June 2017, which was attended by around 40 participants from different government agencies, as well as members of the private sector. The workshop explored the challenges and opportunities of e-commerce for the development of Bangladesh and the policy responses that could be developed.

B. Trade and trade facilitation

38. UNCTAD provided assistance to the least developed countries in the follow-up to the tenth Ministerial Conference of WTO and in preparation for the next one through capacity-building support, advisory services and analytical support. These activities were extended to trade negotiators and policymakers to facilitate their preparedness and greater technical capacities in issues such as agriculture, non-agricultural market access, services including the implementation of the preferential treatment in favour of services and service suppliers from African least developed countries, trade facilitation, and special and differential treatment. In this context, UNCTAD participated in a retreat of the African Group of Ambassadors and Experts in Geneva on 6 and 7 July 2017 in preparation for the eleventh Ministerial Conference of WTO and provided an assessment of the main negotiating issues from a trade and development perspective. Individual countries also received guidance on understanding the development implications of granting duty-free and quota-free market access to all least developed countries.

39. Accession to WTO represents a daunting challenge for acceding countries. This is particularly so for acceding least developed countries, which suffer mostly from weak institutional and administrative capacities to coordinate the preparatory work and deliver on the substantive technical requisites for accession.

40. UNCTAD designed and implemented assistance programmes to support Governments of acceding and newly acceded least developed countries through the delivery of intensive training courses for their trade officials and negotiators to build their skills and capacities in trade negotiations and in the implementation of their commitments in WTO. UNCTAD assistance also involves reviewing trade-related institutional, legislative and regulatory instruments and policies to ensure consistency with WTO agreements and disciplines.

41. UNCTAD has lent support to all acceding and recently acceded least developed countries.[4] For instance, advisory support was extended to the Comoros (1 and 2 June 2017, Geneva) and the Sudan (14 and 15 July 2017, Geneva). UNCTAD prepared a strategy paper for both countries on the conduct of the multilateral accession process and bilateral market access negotiations dealing with goods and services. The strategy paper also advised them on how to fully take advantage of the WTO General Council decision of 25 July 2012 on revised guidelines on the acceleration and facilitation of accessions of the least developed countries. The two countries are at the final stage of their accession negotiations, which are scheduled to conclude during the course of 2018.

[4] Examples include Afghanistan, Bhutan, the Comoros, Ethiopia, the Lao People's Democratic Republic, Liberia, Samoa, São Tomé and Príncipe, the Sudan and Yemen.

42. In 2017, UNCTAD further contributed towards the implementation of the African Continental Free Trade Area, which includes 32 least developed countries. UNCTAD has supported African countries in the completion of the first phase of negotiations of the negotiating forum and technical discussions in the task force and technical working groups dealing with the issue, including through the preparation of the draft agreement on the Continental Free Trade Area and provision of substantive technical papers on modalities for tariff cuts.

43. As part of its advisory support, UNCTAD prepared a study on the potential effects of the Continental Free Trade Area agreement on member States. The results showed the differential impact of trade liberalizations on tariff revenue losses and welfare particularly biased against the weakest members of the African Union. The report called for the implementation of supporting measures and establishing mechanisms within the Continental Free Trade Area to redistribute cost and benefits of the agreement more equitably.

44. In December 2017, trade ministers endorsed the Continental Free Trade Area agreement on goods and services. The second phase of negotiations on the Continental Free Trade Area will cover competition, investment and intellectual property rights. Nationwide stakeholder sensitization activities will be held to create awareness and ownership of the process of establishing the Continental Free Trade Area among all citizens of African countries. UNCTAD stands ready to continue its support to the African Union Commission and African Union Member States, including the least developed countries. It is expected that the implementation of the Continental Free Trade Area will help countries expand their regional trade and use it as an enabler for the implementation of the 2030 Agenda for Sustainable Development.

45. UNCTAD has also been supporting the least developed countries in the context of its assistance to the Member and Partner States of the Tripartite Free Trade Area. During the reporting period, UNCTAD has been advising the relevant countries on the second phase of the negotiations with regard to competition issues, intellectual property rights, investment and trade in services. UNCTAD proposed options for engagement in the tripartite context in light of progress in Continental Free Trade Area negotiations and other development considerations. UNCTAD participated in the meeting of the Tripartite Committee of Senior Officials on 3 February 2017 and made presentations to help countries determining how to address phase II issues in the tripartite negotiations.

46. In addition, UNCTAD provides supports to individual least developed countries in the preparation, formulation and implementation of trade and services policies. In 2017, UNCTAD continued to assist the Government of Zambia in the follow-up preparation of its trade policy framework and implementation with a view to reaching the following objectives: strengthening the country's institutional capacities in trade policy and negotiations; addressing structural constraints such as a small internal market, mineral commodity dependence, widespread poverty and a landlocked position; and diversification of exports away from copper to other products, including processed foods, fish, grains, and textiles and clothing.

47. UNCTAD also provided assistance to Malawi and Zambia in the following areas:

(a) Building the expertise of trade officials;

(b) Formulating trade policy and developing their negotiating positions;

(c) Carrying out national and regional assessment studies;

(d) Conducting research in priority services sectors and on issues relevant to regional integration, including working materials and studies to address specific issues and problems identified in the negotiations of the Southern African Development Community, economic partnership agreements and General Agreement on Trade in Services.

48. UNCTAD services policy reviews are designed to take stock of policies, regulations and institutions governing the services sector, identifying bottlenecks and suggesting practical, tailor-made solutions. In 2017, a review was initiated at the request of the Economic Community of West African States, covering 12 services sectors, including telecommunications, road and air transport, banking, insurance, construction, recreational,

cultural and sporting services, energy and education. The review is expected to provide inputs for a common trade policy on services in the Community, as well as elements for developing the region's position in the negotiations on services of the Continental Free Trade Area.

49. In response to a request from the Ministers of the African, Caribbean and Pacific Group of States, which includes 40 least developed countries, UNCTAD carried out a study of the potential for trade within that Group. The study analyses the potential economic effects of a possible free trade agreement of the Group, outlining likely benefits and challenges. The study was presented to Group representatives at expert and ministerial levels during their meeting in October 2017.

50. UNCTAD further provided inputs to the All-Party Parliamentary Group for Trade Out of Poverty (United Kingdom of Great Britain and Northern Ireland), which is completing a study on the potential of the Commonwealth – its member States, business and civil society organizations, as well as its own Commonwealth institutions – to help developing countries use trade and investment to reduce poverty and boost transformative economic growth. Thirteen members of the Commonwealth have least developed country status.

51. In the context of a Development Account project on fostering green exports through voluntary sustainability standards, UNCTAD conducted national workshops in Vanuatu (November 2017) and the Lao People's Democratic Republic (December 2017) that aimed to share information on voluntary sustainability standards and green export market opportunities, discuss the links between green export promotion and government strategies for achieving the 2030 Agenda for Sustainable Development, and promoting networking between stakeholders. Both workshops were conducted in close partnership with the relevant national government entity, the Ministry of Trade of Vanuatu and the Ministry of Agriculture of the Lao People's Democratic Republic. The outcomes of the workshops will contribute to country case studies providing an in-depth analysis of economic and technical preparedness for green exports. The studies are expected to be completed in the first half of 2018.

52. UNCTAD also assisted several least developed countries in addressing non-tariff measures. UNCTAD systematically collects information on non-tariff measures in most African least developed countries and works together with members of the Tripartite Free Trade Area to address non-tariff barriers by supporting a regional tool called tradebarriers.org, where private and public sector can air complaints about trade obstacles that then must be resolved or addressed by the corresponding country. In Asia, UNCTAD worked with the Economic Research Institute for the Association of Southeast Asian Nations and East Asia to collect data on non-tariff measures in Cambodia, the Lao People's Democratic Republic and Myanmar, and has been involved in the streamlining of such measures to facilitate trade. The data collection in three Asian least developed countries is linked to UNCTAD work with the Institute to support deep regional economic integration of the Association in the area of non-tariff measures.

53. As part of the Development Account project on development policy for sustainable economic growth, which aims to support the regional industrialization agenda in Southern Africa and facilitate the development of regional value chains, UNCTAD carried out various activities relating to African least developed countries in 2017 and 2018. Four studies were completed on the productive and export structure of five economies, including Mozambique, the United Republic of Tanzania and Zambia, focusing on promising regional value chains (mining machinery and agro-processing) and on a key enabler of development (energy). The studies were discussed with regional stakeholders at workshops held in cooperation with UNCTAD and the Government of South Africa, in Pretoria, in March 2017, and with UNCTAD, UNIDO and the Government of the United Republic of Tanzania, in Dar-es-Salaam, in December 2017.

54. UNCTAD is currently cooperating with the Economic Commission for Africa in the framework of an initiative of the Organization for Economic Cooperation and Development on global value chains, production transformation and development. In particular, UNCTAD and the Commission are working on the first Transforming Economies Report that will devote attention to development challenges and the opportunities offered by regional trade and productive integration in Africa.

55. Within the Enhanced Integrated Framework, UNCTAD developed a project on the Djibouti City–Addis Ababa Transit and Transport Corridor and continued to implement a regional project on trade facilitation in West Africa. In addition, UNCTAD continued its assistance to Benin through a project on strengthening productive and trade capacities. Further assistance on rules of origin, duty-free and quota-free market access and the Everything But Arms scheme was provided to the Governments of Cambodia and Myanmar. In collaboration with the Department of Trade and Ministry of Justice of Hong Kong (China), UNCTAD provided support on drafting rules of origin in free trade areas, to enhance trade possibilities for the least developed countries. In 2017, UNCTAD also continued to assist the least developed countries on issues related to geographical indications.

56. In the area of trade facilitation, UNCTAD provided technical assistance and capacity-building to the least developed countries in respect of the implementation of the WTO Agreement on Trade Facilitation, which in part II of the Agreement contains special and differential treatment provisions for the least developed countries, including self-assessment of implementation readiness, timing of implementation and needs assessment for assistance.

57. During the reporting period, UNCTAD provided trade facilitation assistance to the following least developed countries: Angola, Benin, Burundi, Djibouti, Ethiopia, Liberia, Myanmar, Mali, Rwanda, Sao Tome and Principe, Senegal, the Sudan, Uganda, the United Republic of Tanzania and Zambia. Assistance focused particularly on needs assessments regarding the implementation of the Agreement on Trade Facilitation, advisory services on categorization and notification of obligations and ratification of the Agreement, technical assistance on the establishment and operation of national trade facilitation committees and on the development of project proposals for donor support.

58. UNCTAD also provided trade facilitation assistance to a number of regional organizations with least developed country members, in particular, the African Union, the East African Community, the Economic Community of West African States and the Southern African Customs Union. UNCTAD worked with regional training institutions such as the Trade Policy Training Centre in Africa to provide capacity-building to the least developed countries in the Africa region.

59. The Automated System for Customs Data (ASYCUDA), currently installed in 99 countries and territories, is being used by 38 least developed countries, which receive remote technical and functional assistance from the UNCTAD Central Team.[5] ASYCUDA helps to reduce customs clearance cost and time, fight corruption and improve security.

C. Investment and enterprise development

60. During the reporting period, 26 least developed countries benefited from UNCTAD assistance in support of investment and enterprise development, aimed at building the competitiveness of such countries and enhancing their attractiveness as destinations for foreign investment.

61. Of the 42 completed investment policy reviews, 17 were prepared for the least developed countries. During the reporting period, UNCTAD published a review for the Gambia. Some five or six years after the completion of such a review, UNCTAD prepares a report that assesses the extent of the implemented recommendations. In the reporting period, the implementation report for Benin was prepared. Work commenced on reviews for Angola and Chad.

[5] Afghanistan, Angola, Bangladesh, Benin, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Djibouti, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Nepal, Niger, Rwanda, Sao Tome and Principe, Sierra Leone, Solomon Islands, Sudan, Timor-Leste, Togo, Uganda, Vanuatu, Yemen and Zambia.

62. The investment policy review programme continued to demonstrate its relevance, quality and impact. The implementation reports prepared by UNCTAD for the least developed countries showed a strong implementation record, increased interest by investors and greater capacity for market investment opportunities. In most cases, following the review of their investment policies by UNCTAD, beneficiary countries recorded significant increases in inflows of FDI. The value delivered through investment policy reviews and follow-up activities has prompted a number of additional requests for the reviews, including those made by Bhutan, the Central African Republic, the Democratic Republic of the Congo, Guinea-Bissau, Haiti, Malawi and Mali.

63. In 2017, UNCTAD assisted a number of least developed countries in reviewing their model international investment agreements with a view to enhancing their development dimension and legal clarity. This includes the models of several regional groupings to which the least developed countries belong, notably the Common Market for Eastern and Southern Africa, the Pan African Investment Code and the Investment Chapter of the African Continental Free Trade Area Agreement. Individual least developed countries that benefited from the review of model international investment agreements or bilateral trade agreements included Bangladesh, Burkina Faso and Madagascar.

64. Every year, UNCTAD, in cooperation with the Islamic Development Bank and the Moroccan authorities, organizes a training workshop for members of the Bank in Casablanca, Morocco, aimed at deepening understanding of international investment agreements; examining key issues, problems and interests related to the sustainable development dimension of the agreements; and discussing negotiating techniques and strategies. In 2017, participants from 29 countries benefited from the training, 15 of which were least developed countries.

65. In cooperation with the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, UNCTAD organized a dialogue on investment promotion priorities in the least developed countries during the General Assembly in September 2017 in New York. Forty least developed countries were represented. In tandem with this conference, UNCTAD attended an inter-agency meeting to advise on improvements in the effectiveness of United Nations support to these countries in this area. Participants included representatives of the International Labour Organization, the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, UNCTAD (which hosted the meeting at its New York office), UNIDO, the United Nations Office for Project Services and WTO.

66. Although nearly all least developed countries have a national investment promotion agency and often subnational institutions that promote investment, the capacity level of these agencies continues to be limited. There are, however, best-practice exceptions such as Ethiopia, Rwanda and Senegal. UNCTAD aims to share best practice from around the world, including from the least developed countries, in a manner that can be replicated by other investment promotion agencies in a scalable and sustainable manner. To support the exchange of best practices, every year UNCTAD recognizes a few agencies for their achievements in promoting investment for sustainable development and shares experiences from those agencies with other agencies. In 2017, the Ethiopian Investment Commission and the Board of Investment of Mauritius were among the winners of the United Nations Awards for Promoting Investment in the Sustainable Development Goals.

67. In the review period, senior investment promotion officials from the least developed countries participated in training and the exchange of best practices in investment promotion during events organized by UNCTAD, including regional seminars on the preparation and promotion of bankable projects relating to the Sustainable Development Goals and the creation of partnerships with outward investment agencies and institutions in Johannesburg, South Africa (May 2017) and Mexico City (November 2017). Investment promotion officials from the least developed countries also participated in a training course on FDI essentials held by the World Association of Investment Promotion Agencies in Istanbul (January 2018). As part of a long-standing partnership, UNCTAD contributed to the course with training modules on national and international investment policies. At the country level,

UNCTAD provided training on cost–benefit analysis of investment projects to officials from the Government of Myanmar (January 2018).

68. UNCTAD continued to produce publications on investment promotion and facilitation. A publication entitled "Investment Facilitation: The Perfect Match for Investment Promotion" presents practical examples from investment promotion agencies that illustrate how some of the tools and techniques of the UNCTAD global action menu for investment facilitation and other policy instruments can be deployed. This paper was widely distributed among the least developed countries. At their request, UNCTAD published an overview of FDI in the least developed countries, describing related trends and issues.

69. A strong accounting infrastructure that produces high-quality corporate reporting is a critical factor for attracting investment, allocating scarce resources, and promoting financial inclusion. However, achieving this remains a challenge for many least developed countries. During the reporting period, an African regional workshop on financial inclusion and best policy practice and guidelines on accounting and insurance regulation for micro, small and medium-sized enterprises was held in Nairobi on 19 and 20 July 2017, which benefited the following least developed countries: Benin, Ethiopia, the Gambia and the United Republic of Tanzania.

70. The Business Facilitation eRegulations Programme of UNCTAD helps countries simplify and automate their rules and procedures relating to investment and entrepreneurship, often reducing administrative procedures, and required forms and documentation by 80 per cent. Its eRegulations system is operational in 11 least developed countries.* The system contributes to increased transparency and greater institutional capacity, thereby facilitating business and making such countries more attractive to foreign investors. This has helped the creation of new businesses in beneficiary countries.

71. Apart from the existing eRegulation systems in these countries, UNCTAD developed a trade portal – a new facilitation tool focusing on trade procedures – as a product extension. In 2017 trade portals were implemented in Benin, Bangladesh, Mali and Senegal. Similar portals are also being implemented in Rwanda, Uganda and the United Republic of Tanzania.

72. Additionally, UNCTAD online investment guides seek to raise awareness among the international investment community of investment opportunities and conditions in beneficiary countries. Investment guides have been or are being developed online for Burundi, the Democratic Republic of the Congo, Djibouti, Malawi, Rwanda, Uganda and Zambia. The investment guides of Malawi and Zambia are being developed in partnership with the Economic Commission for Africa.

73. During the reporting period, UNCTAD continued to provide assistance to its Empretec centres in the least developed countries through advisory services, policy workshops, training to entrepreneurs and small and medium-sized enterprises and support to regional networks and initiatives. In particular, UNCTAD strengthened the capacity of Empretec centres in the Gambia, the United Republic of Tanzania and Zambia, through the provision of several training-of-trainers sessions. Six national stakeholder workshops on entrepreneurship policies took place in the Gambia and the United Republic of Tanzania. Further, the Gambia launched its National Entrepreneurship Policy and Action Plan, and the United Republic of Tanzania presented its Inclusive National Entrepreneurship Strategy. In the first quarter of 2018, UNCTAD, in collaboration with UNIDO, aims to further assist the Government of Ethiopia to develop a national entrepreneurship strategy.

74. UNCTAD continued to identify business linkage opportunities, including effective partnerships with large firms, in horticulture and sustainable tourism (United Republic of Tanzania) and construction (Zambia). The linkage-building activities, conducted in cooperation with other United Nations agencies, allowed UNCTAD to provide assistance to over 600 farmers in the United Republic of Tanzania and 200 entrepreneurs in Zambia. In 2017, 175 Tanzanian farmers were trained using Empretec and farming as a business

* Benin, Burkina Faso, Comoros, Ethiopia, Guinea-Bissau, Mali, Niger, Rwanda, Senegal, Togo and United Republic of Tanzania.

methodology, and 60 small-scale suppliers successfully completed an Empretec entrepreneurship-training workshop.

75. In December 2017, UNCTAD and the Rwanda Development Board organized the Africa Entrepreneurship Policy Forum, which attracted 120 delegates from 20 countries to share experience and views, learn from best practice and explore avenues for strengthened cooperation at the regional and continental levels.

D. Debt issues

76. External debt is one of the major concerns raised under section G, Mobilization of financial resources for development and capacity-building, of the Istanbul Programme of Action, in the context of the financial resource constraints faced by the least developed countries in striving to achieve sustainable development. While there has been a clear improvement in the debt ratios of many developing countries, as a result of debt relief and improved debt management, many least developed countries still face significant challenges.

77. Recognizing the significant risk of economic shock posed by debt crises in the least developed countries, UNCTAD implemented a Development Account project on building capacity to address regulatory and institutional gaps in sovereign debt governance. The beneficiaries were all least developed countries, namely Bangladesh, Haiti, Mauritania, Nepal and Togo.

78. The project was implemented during the 2013–2017 period, and its main activities consisted of conducting a diagnostic study of the countries' institutional and regulatory framework with respect to sovereign debt governance, providing capacity-building to fill the gaps identified in the study and organizing a study tour for policymakers from project countries to a host country with a more developed institutional framework in sovereign debt management. Representatives of all five countries mentioned above were invited to the eleventh Debt Management Conference in November 2017, where they had the opportunity to familiarize themselves with the latest issues in sovereign debt management.

79. The Debt Management and Financial Analysis System (DMFAS) provided ongoing support to a number of least developed countries in building their capacity to effectively management their public debt and achieve sustainable debt levels. DMFAS offers countries a set of proven solutions in the downstream areas of debt management (debt data recording, reporting and statistics) aimed at improving their capacity to handle the day-to-day management of public liabilities and producing reliable debt data for policymaking purposes. These solutions include its debt management software and related training and advisory services. During the reporting period, the programme provided support to 21 least developed countries.[1]

80. Tangible results include the availability of timely and reliable debt records, which are essential for prudent risk analysis and the elaboration of strategies for ensuring sustainable debt levels. By the end of the period, over 90 per cent of the countries that had received support had a comprehensive and government-guaranteed external debt database, and nearly 60 per cent had complete domestic debt records in the DMFAS software. Additional results include improved debt reporting and debt analysis. For example, eight of the least developed countries concerned issue a debt statistics bulletin on a regular basis; all of them report to the debtor reporting system of the World Bank, which is a critical reporting requirement. In addition, 10 DMFAS user countries from the least developed country group subscribing to the International Monetary Fund–World Bank quarterly external debt statistics database report on a timely basis. In terms of improved analysis, seven DMFAS countries regularly publish a debt portfolio analysis report.

[1] Angola, Bangladesh, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Democratic Republic of the Congo, Djibouti, Ethiopia, Guinea-Bissau, Haiti, Lao People's Democratic Republic, Madagascar, Mauritania, Rwanda, Sudan, Togo, Uganda, Yemen and Zambia.

81. Overall, these concrete results contributed to enhanced transparency, good governance and improved institutional capacity to ensure sustainable debt levels. The improvements achieved by these countries with UNCTAD support demonstrated the benefits and importance of providing them with continued technical assistance on downstream debt management.

E. Human and social development

82. During the reporting period, UNCTAD supported the efforts of Burkina Faso, Côte d'Ivoire, Mali, the Niger and Senegal on technology transfer and access to medicines by organizing a regional workshop on technology transfer and public health, in Dakar, in cooperation with the United Nations Development Programme, the Joint United Nations Programme on HIV/AIDS and Yolse Public Health and Innovation. Following the regional workshop, the directors of the beneficiary countries' national intellectual property offices and national health directorates agreed on a set of recommendations to enhance coherence among domestic policies and improve communication with the secretariat of the African Intellectual Property Organization.

83. UNCTAD also organized a training programme for research directors on innovation, intellectual property and technology transfer, with a focus on the agricultural sector, in Bishoftu, Ethiopia, in November 2017. The training was designed to assist researchers in building a sustainable relationship with the private sector by fostering an integrated approach to innovation, intellectual property and technology transfer.

84. On 14 November, UNCTAD participated in a workshop held by the World Health Organization on an inter-agency framework of collaboration for the implementation of the National Strategy and Plan of Action of Ethiopia for the pharmaceutical sector in Addis Ababa. The objective of the workshop was to review the state of play of implementation of the strategy and plan of action and to discuss next steps with the Ethiopian Government and among partner agencies.

85. During the reporting period, UNCTAD was requested to provide substantive comments on the draft national intellectual property strategy of Uganda. After review, UNCTAD comments were incorporated in the draft.

86. Further, UNCTAD implemented a series of activities aimed at providing support to the least developed countries in ensuring that trade and development policies and policies promoting gender equality were complementary and mutually supportive.

87. Building on its analytical and operational work, UNCTAD developed a trade and gender toolbox, which aims to provide a systematic framework to evaluate the impact of trade reforms on women and gender inequalities prior their implementation. The Secretary-General of UNCTAD launched the toolbox during the sixth Global Review of Aid for Trade held at WTO in Geneva in July 2017.

88. UNCTAD also organized its first targeted regional online course on the relationship between trade and gender in the Common Market for Eastern and Southern Africa (29 May–23 July 2017), training 50 participants from the Secretariat and Member States of the Common Market on the interaction between trade and gender issues and in producing gender-aware policy recommendations and research. Twelve of the 19 member countries of the Common Market are least developed countries. A second regionally focused online course is planned for the East African Community and scheduled to be held in April and May 2018. The regional courses complement general analysis on the relationship between trade and gender, with material addressing the specific regional context, aiming to equip participants with the skills needed to interpret data on women's participation and gender inequalities in various economic sectors and to formulate policies and practices to advance the status of women in the region with regard to trade integration.

89. In partnership with Trade Mark East Africa, UNCTAD finalized a report entitled *East African Community Regional Integration: Trade and Gender Implications*. The report presents the economic, trade and gender profiles of partner States of the East African Community and analyses the impact of its regional integration on women's well-being with

a focus on women's employment. The report also provides recommendations on how to make regional integration increasingly beneficial for women in the East African Community. The report is expected to be launched in Nairobi in April 2018.

90. UNCTAD implemented a project to assist women cross-border traders in Eastern and Southern Africa. Field research for the project has shown that women engaging in informal cross-border trade in Malawi, the United Republic of Tanzania and Zambia face multiple challenges: complex, lengthy and costly border procedures; limited knowledge about customs rules and processes; language barriers; corruption, insecurity and harassment at the border; limited capital; and inadequate knowledge about entrepreneurship. After consultations with the Governments concerned, UNCTAD drafted a report outlining measures that could facilitate informal cross-border trade between the three countries, especially for women. The project also facilitated increased interaction and awareness among stakeholders, including border officials, about the concerns faced by informal small-scale traders.

91. In addition, UNCTAD took part in a number of workshops and meetings to advocate for gender-sensitive trade policies, including the annual Continental Workshop on Trade and Gender, held by the Economic Commission for Africa in Addis Ababa on 31 October 2017, as well as a consultative meeting on the African Union Gender Strategy in November 2017, where UNCTAD provided comments on the draft document.

IV. Lessons learned

92. With less than three years remaining until the target date of 2020, the prospects for meeting of the goals and targets of the Istanbul Programme of Action are fading fast. Failure to achieve significant progress for this most vulnerable group of countries by the deadline would put into question their ability to achieve the Sustainable Development Goals by 2030 and threaten to undermine the credibility of the global commitment to "leave no one behind".

93. While many of the goals and targets of the Programme were deliberately chosen to be ambitious and may have been difficult to achieve in the best of circumstances, the least developed countries are currently faced with worse development prospects than when the Programme of was adopted. Against this background, urgent efforts are required both by the least developed countries and development partners to strengthen implementation of the Programme.

94. UNCTAD is receiving more and more demands for technical assistance from these countries, including in the areas of graduation, diagnostic trade integration studies, trade policymaking, investment policy reviews and statistical capacities. The growing demand is testimony to the quality and value added of UNCTAD support. However, its capacity to meet growing demand is limited by available resources. The Trust Fund for the Least Developed Countries, for example, has not received a contribution since 2014.

V. Policy recommendations

95. The Trade and Development Board may wish to consider the following action:

(a) To express concern at the development trajectory of the least developed countries in recent years, in particular that they are lagging behind other developing countries with regard to several indicators;

(b) To request a review of the contributions to the Trust Fund for the Least Developed Countries, and appeal to all donors and other countries in a position to do so to enable UNCTAD to respond to the increasing demand for technical assistance by the least developed countries.

(c) To urge the improved implementation of commitments in support of the Istanbul Programme of Action by all stakeholders.